



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

2012 JUL 30 AM 8:49

July 27, 2012

**MEMORANDUM**

To: The Commission

Through: Alec Palmer *AP*  
Staff Director

From: Patricia C. Ormock *PC*  
Chief Compliance Officer

Thomas Hintermister *TH*  
Assistant Staff Director  
Audit Division

Marty Kuest *MK*  
Audit Manager

By: Philomena Brooks *PB*  
Lead Auditor

Subject: Audit Division Recommendation Memorandum on Djou for Hawaii (DFH)  
(A11-08)

Pursuant to Commission Directive No. 70 (FEC Directive on Processing Audit Reports), the Audit staff's recommendations are presented below and the findings are discussed in the attached Draft Final Audit Report (DFAR). The Office of General Counsel has reviewed this memorandum and concurs with the recommendation.

**Finding 1. Misstatement of Financial Activity**

DFH's response to the DFAR did not address this finding. The Audit staff recommends that the Commission find that DFH misstated cash-on-hand for December 31, 2010.

**Finding 2. Failure to File 48 Hour Notices**

DFH's response to the DFAR did not address this finding. The Audit staff recommends that the Commission find that DFH failed to file 48-hour notices for 28 contributions totaling \$50,700.

**Finding 3. Reporting of Debts and Obligations**

In its response to the DFAR, DFH questioned the sample projection for unreported debt totaling \$168,900 as being greater than the actual amount identified by the audit. DFH stated that debts and obligations totaling \$124,318 that were included on its amended reports filed in response to the interim audit report represent DFH's unreported debt. DFH requested that the finding total be revised to the lower amount. The Audit staff agrees with DFH and will correct the audit report to reflect that audit identified unreported debts of \$124,318. The Audit staff recommends that the Commission find that DFH failed to report debts and obligations totaling \$124,318.

The Committee did not request an audit hearing.

If this memorandum is approved, a Proposed Final Audit Report will be prepared within 30 days of the Commission's vote.

Should an objection be received, Directive No. 70 states that the Audit Division Recommendation Memorandum will be placed on the next regularly scheduled open session agenda.

Documents related to this audit report can be viewed in the Voting Ballot Matters folder. Should you have any questions, please contact Philomena Brooks or Marty Kuest at 694-1200.

Attachment:

- Draft Final Audit Report on DFH

cc: Office of General Counsel